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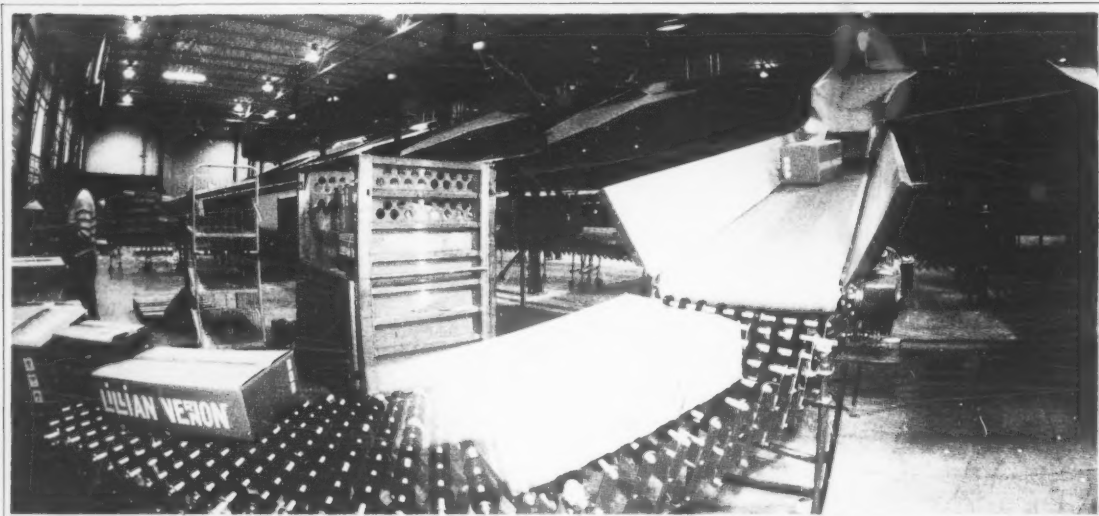
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June 1989

Rx FOR RECOVERY

Revco Returns to Pharmacy Roots

(Left To Right)
James B. Adamson, Exec VP Marketing
Boake A. Sells, Chairman/CEO
Jeffrey R. Doshan, VP/GMM



AUTOMATED MAIL ORDER DISTRIBUTION

Lillian Vernon's rapid growth as a mail order house will be accommodated by its new 454,000-sq.-ft. fulfillment center in Virginia Beach, Va. The facility is highly automated and even has an area where goods can be personalized. . . 39

DEPARTMENTS

Cover Story: Boake Sells is battling to bring Revco back to solvency by stressing pharmacy and traditional drug store merchandise. Stores are cleaner, fuller inventoried and producing improved sales, but Sells acknowledges that it may be at least 18 months before Revco could emerge from bankruptcy. . . . 13

Profile: A shiny red MG convinced Vernon Williams he wanted to become an architect. The childhood dream is today a reality. Williams is president of The Amistad Group, a Chicago-based architectural firm. 16

Human Resources: Training today must address more than the hiring and retraining process. It must integrate employees not only to new companies but also into an increasingly complex business world. . . 60

Store Design: Distinct designer salons highlight the renovation of the Higbee's store in Cleveland's Westgate Mall. . . . 66

Store Prototype: Kids 'n' Cargo is the latest spinoff of a specialty store to target the kiddie market. Bright and

colorful, the store is designed to accommodate its young end-users. 68

Security: Sophisticated and patient criminals have devised a new scam that combines shoplifting with phony credit cards. . . . 70

Physical Supports: Spiral escalators made a moving American debut at San Francisco Centre. Price and logistics may limit their proliferation. . . . 72

Signage at the Piggly Wiggly Super Maxx store in Milwaukee has gone high-tech with backlit V-shaped aisle identification markers. . . . 73

Advertising: Rickel has become the first home center to use the POP Ra-

dio network for in-store broadcasting and advertising. . . . 75

Executive Forum: Business must be freed of restraints, morality must be restored and society must be cleansed of theft and drug abuse. 80

Finance: Lifestyle segmentation strategies have become an important part of retail positioning. . . . 84

April sales continued the rebound in retail results. . . . 85

Productivity statistics by merchandise category. . . . 85

RETAIL TECHNOLOGY

Burlington Coat Factory installed a distribution center scanning system that is both mobile and able to scan up to 5 ft. away. . . . 31

Family Foods of Grand Rapids, Mich., opted for one-stop shopping when it installed a comprehensive automation plan. . . . 48

What's in Store 52

From the Editor's Desk 6

Perspectives 9

People 76

Market Watch 82

Advertising Index 86

SHOPPING CENTER AGE

Developers have new competition as landlords—retailers with excess space—are sub-letting at rents higher than their own but lower than what a developer would charge a new tenant. . . . 19

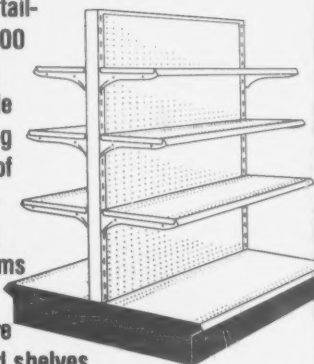
On Center 21

Shopping Center Age News . . . 24

Development Activity 28

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TOO EARLY TO GAUGE 'NEW' SEARS IMPACT

Sears, Roebuck & Co. continued to pull in strong sales during the second month of its everyday low pricing strategy. But it is still too early to tell which retailers Sears is hurting. Sears produced a 9.2% gain in April highlighted by a 6.8% jump in same store sales.

The conventional wisdom is that discount stores would be hurt most by Sears' new-found aggressiveness. To some extent, the theory appears well founded. K mart had an anemic 2.3% overall sales increase and a drop of 1% in same store sales in April while Rose's and Ames also registered declines in their comparable unit sales.

But Wal-Mart, Hills, Jamesway, Dayton Hudson's Target division and May Co.'s Caldor and Venture units, posted solid same store sales gains. Target's same store sales boost was 11% (20% overall). Caldor's comp stores roared ahead by 15.6% (17.7% overall), with Venture ringing up a 9.2% comp store surge (11.2% overall).

Sears also does not seem to have had any negative effect on J. C. Penney or Montgomery Ward.

Analysts described apparel sales as much stronger than hard goods. True to form, The Gap and The Limited produced the best same store sales increases than any other company. And Best Buy suffered the worst setback.

Nevertheless, vibrant sales of electronics were reported by Circuit City. Home appliances and electronics had double digit increases at Sears, while at Montgomery Ward electronics were cited as among the best performing merchandise lines. And Lechmere, Dayton Hudson's hardlines chain, experienced a 15% gain overall and a 5% comp store sales improvement.

Company	April '89 sales ('000)	% change	% change comp. stores	YTD sales ('000)	% change YTD	% change YTD comp. stores
Sears	\$2,499,841	+ 9.2	+ 6.8	\$7,815,196	+ 11.2	+ 7.9
Penney	1,125,000	+ 9.3	+ 6.8	3,314,000	+ 5.3	+ 2.5
Ward	352,421	+ 10.5	+ 10.0	1,016,865	+ 8.2	+ 7.2
Woolworth	609,000	+ 10.8	+ 6.7	1,876,000	+ 9.1	+ 3.6
Melville	507,623	+ 13.6	+ 6.6	2,036,304	+ 12.7	+ 4.3
K mart	2,054,673	+ 2.3	- 1.0	6,070,206	+ 3.9	+ 0.2
Wal-Mart	1,978,000	+ 25.3	+ 11.0	5,369,000	+ 25.0	+ 11.0
Dayton Hudson	900,000	+ 18.2	+ 11.8	2,760,000	+ 11.3	+ 5.3
Ames	380,000	+ 13.1	- 1.3	1,116,000	+ 125.9	+ 0.6
Hills	145,824	+ 51.2	+ 13.6	397,739	+ 25.1	+ 3.3
Rose's	118,201	+ 0.1	- 5.4	327,452	+ 6.2	+ 0.4
Dollar	41,800	+ 4.6	+ 5.3	169,000	+ 4.7	+ 5.4
General	57,165	+ 16.9	+ 7.0	161,918	+ 10.0	+ 1.0
Jamesway	858,200	+ 29.4	+ 10.5	2,574,400	+ 24.1	+ 5.6
May						
Carter						
Hawley						
Hale	190,300	+ 3.1	+ 2.2	595,300	+ 9.0	+ 8.0
Mercantile	154,299	+ 2.9	+ 1.9	483,387	+ 3.5	+ 2.4
Neiman-Marcus						
Group	105,700	+ 23.7	+ 13.5	1,123,600	+ 18.3	+ 8.3
The Limited	307,000	+ 22.2	+ 18.0	964,600	+ 19.0	+ 14.0
The Gap	104,000	+ 30.0	+ 20.0	310,000	+ 29.0	+ 19.0
Circuit City	132,400	+ 26.0	+ 6.0	257,300	+ 25.0	n/r
Best Buy	34,000	- 3.0	- 5.0	34,000	- 3.0	- 5.0
Walgreen	426,301	+ 6.7	+ 6.0	1,744,554	+ 10.0	+ 9.1

N/R = not reported

Source: Company reports

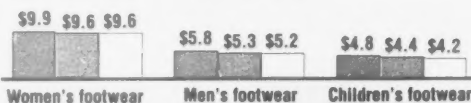
RETAIL PRODUCTIVITY (sales in billions)

■ 1988 ■ 1987 □ 1986

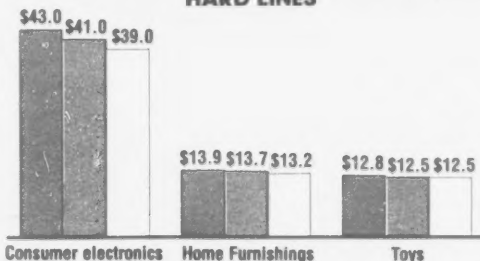
APPAREL



FOOTWEAR



HARD LINES



Source: Market Research Corp. of America, Electronics Industry Association, Toy Manufacturers of America